

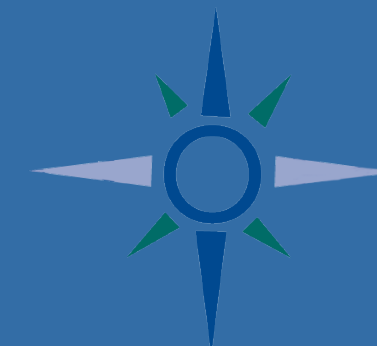
HEALTH CARE NAVIGATOR

OVERVIEW

Our rigorous due diligence and asset management process is unparalleled in the long term care industry.

Health Care Navigator has a dedicated staff of professionals that have direct hands-on operating and transactional experience and are well versed in all aspects of long term care management. This allows Health Care Navigator to bring to bear for its partners unmatched expertise in the evaluation and management of investments and acquisitions. The rigorous Health Care Navigator due diligence process is unparalleled in the long term care industry.

The Health Care Navigator business model is unique in the healthcare industry. In addition to providing diligence services, Health Care Navigator also, upon request, creates connections between its affiliates and clients to provide additional equity investors, mezzanine funding and/or management and operational support on any size long term care transaction, as well as post-financing monitoring of its clients investments.



DUE DILIGENCE AND ASSET MANAGEMENT SERVICES

Determine Regulatory History

Pre-Transaction:

- Review all surveys and analyze trends of deficiencies in both scope and type.
- Establish patterns of strengths and weaknesses based on content of deficiencies.
- Determine areas of non-compliance and locate root of issue.

Ongoing Oversight:

- Ongoing review of all surveys and interaction with regulatory agencies
 - Review of survey management process on regional and facility level
 - Conduct ongoing analysis of most common citation trends and analysis
 - Based on findings, develop recommendations for improvement via corrective action and recommendations for competency testing.
- Oversight of implementation plan upon initiation.

Assess Policies & Procedures

Pre-Transaction:

- Assess strength of existing clinical systems (e.g. standards of care, care planning processes)
- Determine need for introduction or modification of new systems and programs.

Ongoing Oversight:

- Continuous monitoring of policies and procedures including:
 - CMS mandates, state mandates and ongoing quality and performance improvement
 - Oversight of care planning process and recommendations for improvement
 - Oversight of implementation plan upon initiation



DUE DILIGENCE AND ASSET MANAGEMENT SERVICES

Assess Strength of Clinical Team

Pre-Transaction:

- Assess facility and regional support for care delivery, problem resolution, survey management, clinical analysis, training and support
- Analysis of staffing ratios and staff turnover
- Determination of causes and contributing factors in clinical issues.

Ongoing Oversight:

- Monitor staff changes and reasons for changes
- Monitor turnover and retention rates

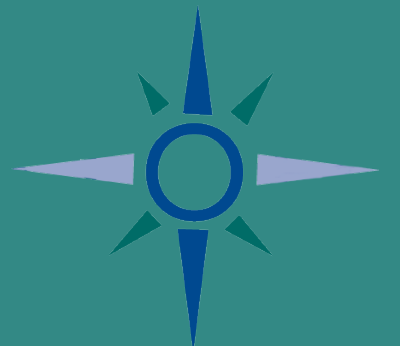
Social Services Analysis

Pre-Transaction:

- Assessment of social services program
- History of family interactions
- Grievance analysis and resolution analysis

Ongoing Operations:

- Monitoring of grievances, grievance process and resolution of issues, benchmarking findings.



DUE DILIGENCE AND ASSET MANAGEMENT SERVICES

Data Analysis

Pre-Transaction:

- Perform in-depth analysis of historical MDS data
- Analyze QI/QM data for trends and contribution to success or challenges of building
- Analyze 5 Star and other available public information

Ongoing Operations:

- Benchmarking of QI/QM data and juxtaposition to flawed system findings
- Recommendations for process improvement, oversight of recommendation oversight
- Ongoing analysis of submitted MDS data and linkage to process improvement

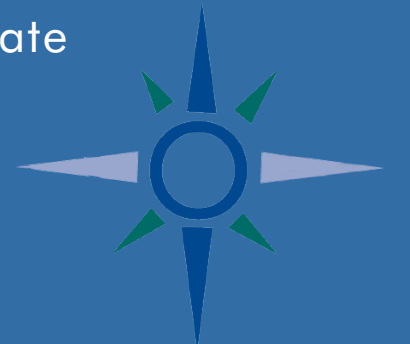
Analysis: Performance Probability and Resource Allocation Determination

Pre-Transaction:

- Perform analysis of probabilities for continued success or non-compliance given staffing ratios, policies and procedures, current management team, resources, data results, family interaction, regional history, and interventions
- After determining overall areas of greatest clinical exposure (given all areas above), project resources required for recertification and improvement of overall systems, policies and procedures.

Ongoing Operations:

- Monitor probabilities of success and assist in development of action plans for implementation
- Review comprehensive action plans and review results with projections
- Regular meetings with operators to monitor development and compliance with appropriate system, regulatory and development processes
- Monitor resource allocation to ensure appropriate allocation



DUE DILIGENCE AND ASSET MANAGEMENT SERVICES

Reimbursement Services: Review and/or Preparation Assistance

- Key Indicator Analysis
- Regulatory Filings (Cost Reports)
- Budget Preparation & Variance Analysis
- Regulatory & Compliance Guidance
- Rate & Revenue Analysis & Projections
- Third Party Payor Appeals
- Association & Legislative Representation
- Government Relations & Issue Briefings
- Government Agency Audits
- Acquisition Revenue & Compliance Risk Analysis

Financial Services

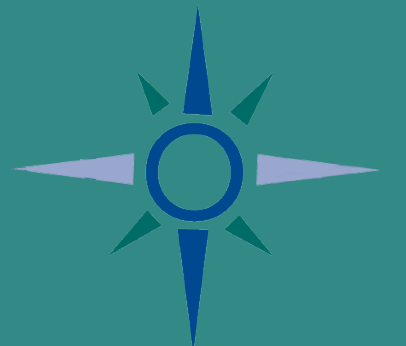
- Complete review of monthly detailed financial statements
- Review of Accounts Receivable aging and bad debt reserve analysis
- Review of Accounts Payable aging and large vendor purchasing contracts (i.e. pricing and terms)
- Complete risk management analysis including:
- Loss development of workers compensation claims
- Review adequacy of GL/PL (medical malpractice) reserves
- Review of current risk controls



DUE DILIGENCE AND ASSET MANAGEMENT SERVICES

Physical Plant

- Initial On-Site property inspection (FFE and Mechanical Review)
- Ongoing Physical Plant Oversight:
- Replacement reserve analysis to determine adequacy of reserve assumptions
- Review to assure compliance with state DOH and OSHA regulations
- Property and Casualty analysis (GL and Umbrella coverage)



ACQUISITIONS, EQUITY INVESTMENTS AND MEZZANINE LENDING

Given its hands on operating knowledge of the long term care industry, Health Care Navigator brings a unique perspective to any healthcare transaction.

Acquisitions: Affiliates of Health Care Navigator have been very active in the acquisitions of long term care properties throughout the United States as both equity and mezzanine debt providers:

Equity Investments: Affiliates of Health Care Navigator have participated in equity investments in which the aggregate transaction size ranged from \$10mm to \$500mm. In these situations, the relationship with Health Care Navigator brings tremendous value to a transaction due to its operating abilities, processes and services that many smaller operators can utilize. Health Care Navigator affiliates also have the flexibility to invest in real estate underlying senior housing facilities.

Mezzanine Lending: Either as a co-lender or direct lender, affiliates of Health Care Navigator have been an active player in the healthcare mezzanine loan and secondary loan market. Health Care Navigator works closely with larger institutional lenders (providing due diligence services, asset management services and co-investment) as well as acting as a direct lender.



REPRESENTATIVE CLIENTS

Health Care Navigator and its affiliates have performed transactional-based due diligence for many equity and debt investors in senior housing industry transactions. These clients include:

